

## Message Text

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73

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 L-03 DRC-01 AID-05 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10

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R 281651Z JUL 75

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 6068

UNCLAS RABAT 3621

E.O. 11652: N/A

TAGS: EIND EINV MO

SUBJECT: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: STATE 165596

PER REFTEL, FOLLOWING IS POST'S FOREIGN INVESTMENT STATISTICS  
AND NARRATIVE STATEMENT ON INVESTMENT CLIMATE:

FOREIGN INVESTMENT CLIMATE-NARRATIVE STATEMENT: MOROCCO

THE INVESTMENT CLIMATE IN MOROCCO HAS UNDERGONE SOME  
SIGNIFICANT SHIFTS IN RECENT MONTHS. A NEW INVESTMENT CODE  
OFFERING SUBSTANTIAL INVESTMENT INCENTIVES WAS ADOPTED IN  
1973. IN THE FALL OF 1974 THE CURRENT FIVE YEAR PLAN WAS  
BELATEDLY INAUGURATED, ENTAILING HEAVY PUBLIC SECTOR OUTLAYS  
ON INFRASTRUCTURE. ON THE NEGATIVE SIDE, THE DEEP AND EX-  
TENDED DOWNTURN IN WORLD ECONOMIC ACTIVITY LED MANY COMPANIES  
TO RETHINK OR POSTPONE INVESTMENT DECISIONS. AND IMPLEMENTATION  
IN 1974 OF A PROGRAM OF "MOROCCANIZATION", REQUIRING FIFTY PER  
CENT LOCAL OWNERSHIP OF MOST COMPANIES, COINCIDED WITH THE  
RECESSION, INTENSIFYING THE SHARP FALL-OFF IN INVESTMENT.  
WHILE THERE WERE ALSO ADMINISTRATIVE PROBLEMS ASSOCIATED  
WITH THE MOROCCANIZATION PROGRAM, IT CAN BE SAID THAT IN  
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CONTRAST WITH SIMILAR EXPERIENCES IN MANY OTHER COUNTRIES,

THESE WERE FEW. WITH A SINGLE EXCEPTION, ALL AFFECTED U.S. AND THIRD COUNTRY FIRMS OF ANY IMPORTANCE HAD, BY THE MARCH 31, 1975 DEADLINE, WORKED OUT SATISFACTORY PARTNERSHIP TERMS. IN THE MINDS OF SOME, INDEED, MOROCCANIZATION MAY CONSTITUTE A POSITIVE FACTOR FOR U.S. INVESTORS BY DIMINISHING THE FORMER QUASI-MONOPOLY POSITION OF FRENCH COMPANIES WHICH HAVE TRADITIONALLY DOMINATED MOROCCAN COMMERCE. AS THE WORLD ECONOMY BEGINS TO SHOW SIGNS OF RECOVERY, AND WITH MOROCCANIZATION NOW HISTORY, THE FLOW OF PROSPECTIVE INVESTORS IS AUGMENTING PERCEPTIBLY. THE SENSITIVITY OF ECONOMIC OFFICIALS TO THE IMPORTANCE OF FOREIGN CAPITAL HAS BEEN HEIGHTENED BY THE RECESSION, WITH GOVERNMENT OFFICIALS MAKING EVERY EFFORT TO ATTRACT AND HOLD PROSPECTIVE INVESTORS. THE INVESTMENT CODE OFFERS MAJOR TAX INCENTIVES FOR TOURISM AND SELECTED INDUSTRIAL GROUPS; AND SECTORAL DEVELOPMENT BANKS OFFER LOCAL FINANCING FOR UP TO SIXTY PER CENT OF PROJECTED COSTS. THERE ARE ALSO INCENTIVES FOR LOCATING IN DESIGNATED AREAS. POLICY IS LIBERAL ON IMPORTS OF NEEDED SUPPLIES AND INTERMEDIATE GOODS. OPIC INSURANCE IS AVAILABLE. A U.S./GOM DOUBLE TAXATION TREATY IS UNDER NEGOTIATION. MOROCCO IS A DIRIGISTE ECONOMY IN WHICH THE PUBLIC SECTOR DOMINATES. TAKING INTO ACCOUNT MINORITY HOLDINGS IN PRIVATE CONCERNS BY STATE-OWNED COMPANIES, POSSIBLY EIGHTY PER CENT OF THE ECONOMY IS INFLUENCED TO AN IMPORTANT DEGREE BY CENTRAL DECISION MAKING. AS IN OTHER PLANNED ECONOMIES, FISCAL POLICY IS ACTIVELY USED TO INFLUENCE THE FULLY PRIVATE SECTOR TO CONFORM TO PLAN OBJECTIVES, PROMOTING A STRONG GROWTH RECORD. AS THE ECONOMY EXPANDS, HOWEVER, IT CAN BE EXPECTED THAT THE PRIVATE SECTOR WILL EVENTUALLY CONSTITUTE A LARGER FRACTION. MOROCCO HOLDS ATTRACTIVE PERSPECTIVES FOR INVESTORS INTERESTED IN ENTERING PARTNERSHIP WITH A COUNTRY ENDOWED WITH A SPLENDID CLIMATE, SUBSTANTIAL MINERAL WEALTH, EXCELLENT AGRICULTURAL POSSIBILITIES, MAJOR TOURIST ATTRACTIONS, AND RICH HUMAN RESOURCES.

INVESTMENT STATISTICS: MOROCCO  
UNCHANGED FROM LAST YEAR.NEUMANN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
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**Disposition History:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Secure:** OPEN  
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**Subject:** FOREIGN INVESTMENT CLIMATE AND STATISTICS  
**TAGS:** EIND, EINV, MO  
**To:** STATE  
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